



OWNERSHIP STRUCTURE, FIRM PERFORMANCE AND CAPITAL  
STRUCTURE OF MALAYSIA LISTED FIRMS

By

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A Dissertation Submitted in Partial Fulfillment of the Requirements for the  
Degree of Master of Science in Finance at the College of Business,  
Universiti Utara Malaysia

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## ABSTRAK

Kajian ini mengkaji hubungan antara jenis struktur pemilikan dan prestasi syarikat dan struktur modal syarikat IPO Malaysia. sampel 80 syarikat tercatat di papan utama Bursa Malaysia untuk tahun 2004 hingga 2009 adalah dimanfaatkan. kajian ini meneliti bagaimana struktur pemilikan mempengaruhi struktur prestasi dan modal 80 syarikat IPO Malaysia pada tahun 2004, 2005 dan 2006. Penyelidikan ini menentukan kesan struktur pemilikan terhadap prestasi pasaran dan prestasi perakaunan yang digunakan sebagai proksi q Tobin dan Return on Asset (ROA). Kemudian, kajian ini menguji pemilikan keluarga yang berkaitan dengan struktur modal dengan menggunakan leverage kewangan. pembolehubah konsentrasi pemilikan Keduanya ditemui secara positif dan secara statistik signifikan dalam mempengaruhi dividen dalam setiap jenis model dividen. Penemuan ini konsisten dengan teori keagenan sejak pembayaran dividen yang tinggi boleh digunakan untuk mengurangkan konflik keagenan sebagai dividen boleh digantikan untuk memantau pemegang saham. Oleh kerana itu, pemegang saham besar mempunyai insentif yang kuat untuk meminta bayaran dividen yang lebih tinggi untuk mengurangkan kos monitoring. Namun demikian, kajian ini menunjukkan bahawa prestasi dan struktur modal syarikat Malaysia tidak dipengaruhi sama sekali oleh struktur pemilikan.

**Kata kunci:** Syarikat milik keluarga, struktur pemilikan, prestasi syarikat; struktur modal.

## ABSTRACT

This study investigates the relationship between types of ownership structure and firm performance and capital structure of Malaysian IPOs firms. 80 sample firms listed on the main board of Bursa Malaysia for the years 2004 until 2009 is utilized. this study examines how ownership structure affects the performance and capital structure of 80 Malaysian IPOs firms in 2004, 2005 and 2006. This study determines the impact of ownership structure on market performance and accounting performance using as proxies Tobin's q and Return on Assets (ROA). Then, this study tested the family ownership related to capital structure using the financial leverage. Both ownership concentration variables are found to be positively and statistically significant in influencing dividends in every type of dividend model. The finding is consistent with agency theory since high dividend payments can be used for mitigating agency conflict as dividends can be substituted for shareholder monitoring. Hence, large shareholders have strong incentives to require higher dividend payments in order to reduce monitoring costs. Nevertheless, this study shows that performance and capital structure of Malaysian firms are not influenced at all by the structure of ownership.

**Keywords:** Family-owned firm; ownership structure; firm performance; capital structure.

## ACKNOWLEDGEMENT

All my praises and gratitude to Allah, the Merciful, for His kindness and for meeting me with many wonderful people who, with His Grace, have had helped me tremendously in the successful completion of this research.

This research would not have been possible without the constructive comments, suggestion and encouragement received from my supervisor who has read the various draft. In particular, I would like to acknowledge my debt to Dr. Zahiruddin Bin Ghazali, without, of course, holding him responsible for any deficiencies remains in this research.

I would like to thank my parents, Baharudin Bin Ismail and Umbi Selamah Binti Kasim who have been a continuous source of inspiration and encouragement. Thanks for giving a great support throughout the duration of my studies and unceasing prayers for my success.

In addition, thanks to all my friends especially Logesvathi and G10 who helped, supported and provided insight and useful ideas, constructive comments, criticism and suggestion throughout the duration of completing this research.

Special thanks to Prof. Dr. Nor Hayati binti Ahmad.

Thank you.

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## **LIST OF ABBREVIATIONS**

CTA	:	Cash to Assets
CTS	:	Capital Expenditures to Sales
DTA	:	Debt to Assets
DW	:	Durbin Watson
FS	:	Firm Size
IPOs	:	Initial Public Offerings
ROA	:	Return on Assets
SG	:	Sales Growth
SD	:	Standard Deviation
SPSS	:	Statistical Package for Social Study
TQ	:	Tobin's Q

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 INTRODUCTION**

Many arguments have been raised about the impact of the separation of ownership and control on firm performance since the landmark study by Berle and Means (1932). However, this study examines how ownership structure affects the performance and capital structure of 80 Malaysian newly listed firms or Initial Public Offering (IPOs) firms, which are combinations of three years of IPOs firms from 2004 to 2006. This study determines the impact of ownership structure on market performance and accounting performance using; proxies Tobin's q and Return on Assets (ROA). Family owned firms were also tested to see its impact on capital structure represented by the firm's financial leverage.

#### **1.2 BACKGROUND OF STUDY**

Many studies regarding ownership structure, firm performance and capital structure have been conducted by scholars all over the world. Various methods have been used to study ownership structure issues resulting in thousands of articles regarding this topic. Several of the most referred articles regarding ownership structure were written by Gadhoun et al. (2005), Faccio and Lang (2002), Classens et al. (2000), Lins (2003), Atting et al. (2006) & Morck et al. (2000). From their research, they find the theories of the relationship between concentrated ownership and firm

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